

PENSIONS  
INVESTMENTS  
LIFE INSURANCE



**Irish Life**

# CLEAR PRSA

A STRAIGHTFORWARD PERSONAL RETIREMENT SAVINGS ACCOUNT



## WHY DO YOU NEED TO START YOUR PENSION NOW?

*The younger you start, the lower the on-going cost*

You benefit from a longer period for potential investment return, plus the cost is spread over a longer period.

*You can't afford not to!*

Ask yourself can you live on a state pension in retirement?

*Income Tax Relief*

The government offers significant income tax reliefs (up to certain limits)

## WHAT FACTORS IMPACT ON THE COST OF YOUR PENSION?

*Retirement Age*

*Amount of Pension*

*Investment Return*

*State Pension Entitlement*

## HOW MUCH DOES IT COST TO FUND A PENSION?

This example shows the cost of funding a pension expressed as a yearly amount required as a percentage of salary. You should review your pension on a regular basis.

SALARY	TARGET PENSION OF 2/3 CURRENT SALARY (INC STATE PENSION)	AGE YOU START SAVING					
		25	30	35	40	45	50
€30,000	€20,000.00	14%	17%	19%	23%	29%	38%
€40,000	€26,666.67	20%	23%	27%	32%	40%	53%
€50,000	€33,333.33	23%	27%	31%	38%	47%	62%
€60,000	€40,000.00	26%	29%	35%	41%	52%	68%
€70,000	€46,666.67	27%	31%	37%	44%	55%	73%

There are a number of assumptions involved in the calculation of the illustrated table:

- That you purchase an annuity with your accumulated pension fund, when you reach retirement,
- You are entitled to the State Pension (Contributory), payable to a single person, currently €238.30 per week (as at April 2017) and this is included in the overall target amount.
- The contribution rates assume you retire at age 66. Significantly higher contributions would be needed to retire at an earlier age, and correspondingly lower contributions would be sufficient if you plan to retire later than 66.
- The contributions are calculated assuming you invest in the Pension Portfolio Fund 4 through Irish Life's Clear PRSA.
- An investment return of 4.45% p.a. and values expressed in today's terms are based on an inflation rate of 2.5%.
- The economic and demographic assumptions used are as prescribed by the Society of Actuaries Actuarial Standard of Practice.
- The rates illustrated assume a requirement for a pension of two thirds of your final salary.
- The pension is paid until you die, and after that, a pension of half the amount continues to be paid to a surviving spouse. The pensions are assumed to increase by 1.5% per year.

**WARNING: These figures are estimates only. They are not a reliable guide to the future performance of this investment.**

# HOW DOES PENSION INCOME TAX RELIEF HELP?

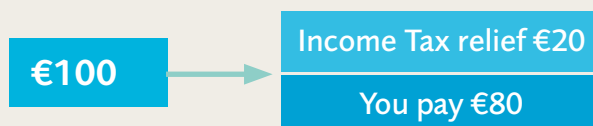
## 1

### INCOME TAX RELIEF ON CONTRIBUTIONS

For a pension contribution of €100 at a tax rate of 40%, the real cost to you may be only €60.

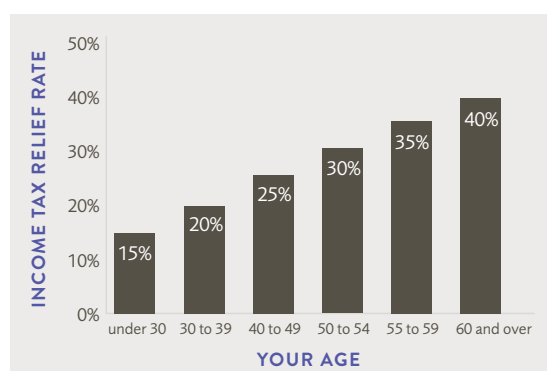


For a pension contribution of €100 at a tax rate of 20%, the real cost to you may be only €80.



Please note that pension income in retirement is subject to income tax, the Universal Social Charge, PRSI (if applicable) and any other taxes or government levies on any withdrawal you make.

There is a limit to the amount of your salary you will be able to get tax relief on which is based on your age at the date of making the contribution. The table below outlines these limits.



These levels are correct as at April 2017

These limits include any employee contributions/Additional Voluntary Contributions (AVCs) you might be making to company pensions and they also include the total employee and employer contributions to PRSAs and Personal Pensions so any employer contributions over these limits will result in a Benefit-in-Kind liability for the employee. Please talk to your financial broker or adviser for more information on the possible Benefit-in-Kind implications on your employer contributions. Income tax relief is not available on earnings which are more than €115,000 (April 2017).

Note: Income tax relief is not guaranteed and rates used are current as at April 2017. To claim income tax relief, you can apply to your Inspector of Taxes to adjust your tax credits.

Contributions deducted from salary will receive immediate income tax relief. If you are self employed, you must include your pension contributions in your self assessment tax returns in order to get income tax relief. To be eligible to claim income tax relief, your income must be taxable under Schedule E or Schedule D (case I or II).

## 2

### INCOME TAX RELIEF ON INVESTMENT RETURN

Your contributions are invested in pension funds, which are exempt from Irish tax. This means pension funds benefit from being able to reinvest the non-taxed returns to generate higher future returns. Pension benefits paid in retirement are subject to income tax and other government levies.

## 3

### RETIREMENT LUMP SUM

Under PRSA rules, at your retirement date, you are entitled to take 25% of your accumulated pension fund as a retirement lump sum. The total retirement lump sum you can receive tax free is €200,000. Retirement lump sums between €200,000 and €500,000 will be subject to standard rate income tax, any lump sum greater than €500,000 will be taxed at your marginal income tax rate. The Universal Social Charge, PRSI (if applicable) and any other taxes due at that time will also be deducted. Both the €200,000 and €500,000 limits include all retirement lump sums you have received since 7 December 2005. The retirement lump sum from PRSA Additional Voluntary Contributions (AVCs) will depend on the retirement lump sum received from the main scheme.

The remainder of the fund can be used to either purchase an annuity, stay invested in your PRSA as a vested PRSA until age 75 or invest in an Approved Retirement Fund (ARF). The income paid from an annuity and money drawn down from the Vested PRSA or ARF will be subject to income tax, the Universal Social Charge, PRSI (if applicable) and any other charges or levies (tax) that apply at that time.

You must take a minimum withdrawal from your ARF or Vested PRSA of 4% each year if you are aged 61 (or 60 if your birthday is 1 January) to 70 (inclusive) or 5% each year if you are aged 71 or over (or 70 if your birthday is 1 January). Withdrawal levels of 4% & 5% apply to funds under €2,000,000 only, 6% applies to funds over this amount. If you turn 70 on 1 January then a higher rate will apply as you will be 70 for the whole of the tax year. Please see your product booklet for full details.

You will have no access to your vested PRSA after age 75. Irish Life will be required to deduct income tax and USC from your vested PRSA as if you had taken a minimum withdrawal, however no further payments can be made to you. If you want to continue to access to your pension after 75 you should speak to your financial adviser about your options before your 75th birthday.

# YOUR PERSONAL PENSION INVESTMENT PORTFOLIO

When it comes to funding for your pension, it is important to have an investment strategy that gives you the best chance of at least beating inflation over the long term, even if you are a customer with a low tolerance for investment risk. This means that even for low risk customers the recommended fund mix will be subjected to values going up and down over the term of your plan. The Annuity Lifestyle Option approach, which is explained later, helps to ensure that the expected ups and downs will reduce as you approach your chosen retirement date.

A description of your risk profile and the recommended funds for you will be illustrated during your review, and will also be contained in the follow up report that will be sent to you. For more details on our recommended funds please refer to our Clear PRSA booklet.

**WARNING: The value of your investment may go down as well as up.**

**WARNING: If you invest in this product you may lose some or all of the money you invest.**

## 1 YOUR RISK PROFILE

During your review we will use your answers to the multiple choice questions to assess your tolerance and understanding of risk. We will categorise you into a Risk Profile between 1 (Safety First) and 7 (Very Adventurous).



RISK PROFILE	1 SAFETY FIRST	2 CAREFUL	3 CONSERVATIVE	4 BALANCED	5 EXPERIENCED	6 ADVENTUROUS	7 VERY ADVENTUROUS
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## 2 YOUR TERM TO YOUR CHOSEN RETIREMENT DATE

The shorter your period to retirement, the lower the risk level of the funds we recommend for you.

Taking these two factors into account, we create a pension investment portfolio for you. This portfolio will use our Pension Portfolio Funds and our Annuity Lifestyle Option.



# PENSION PORTFOLIO FUNDS

## RANGE OF ASSETS

Pension Portfolio Funds invest in a wide range of assets. Investing in a range of assets increases the diversification of each Pension Portfolio Fund. We recommend that you diversify your investment by not putting all your "eggs in one basket" and these funds allow you to do just that. Greater diversification also aims to reduce the volatility of the fund, which is a measure of the extent the fund moves up and down in value.

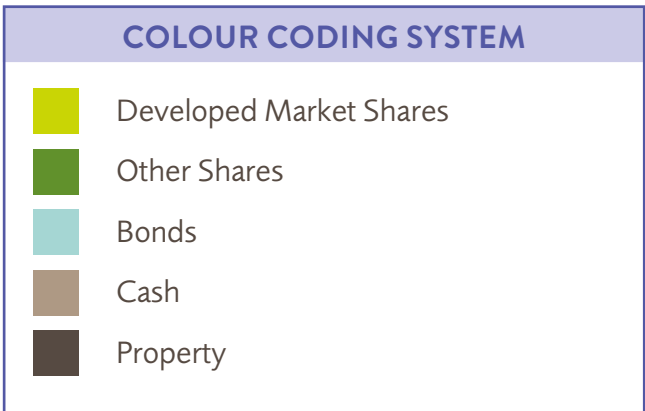
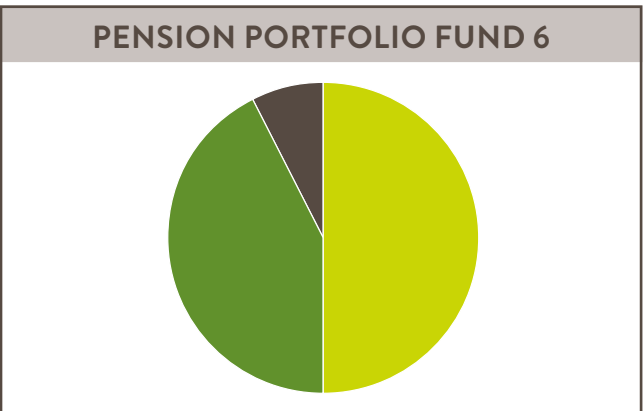
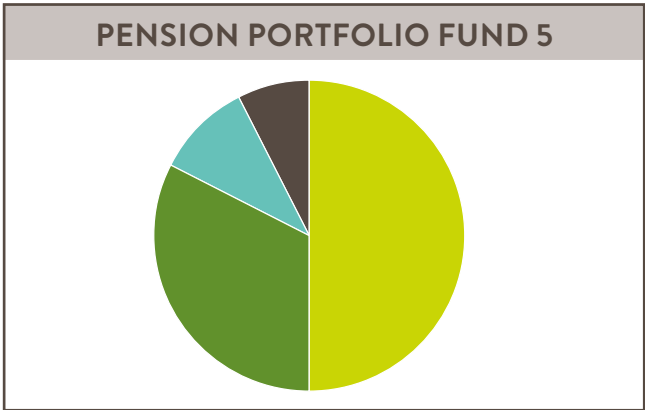
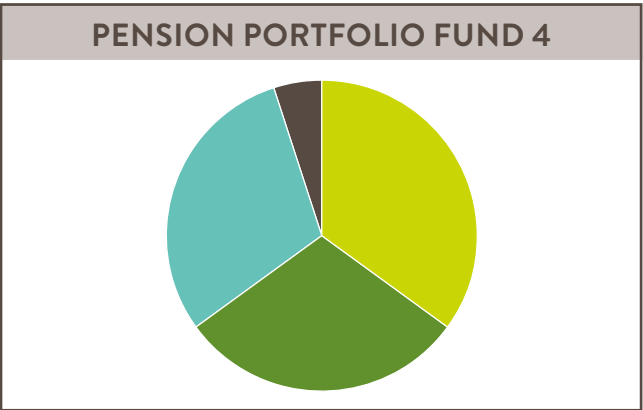
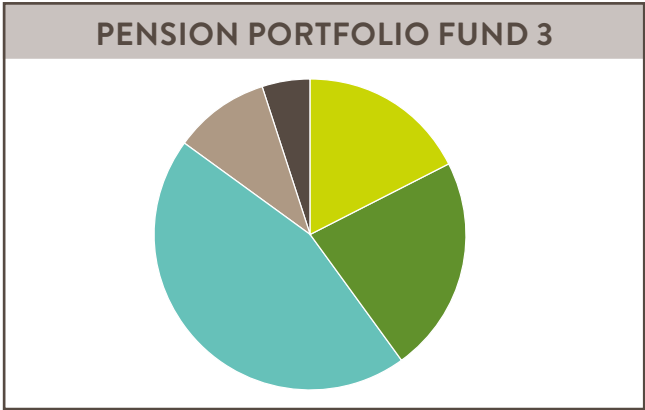
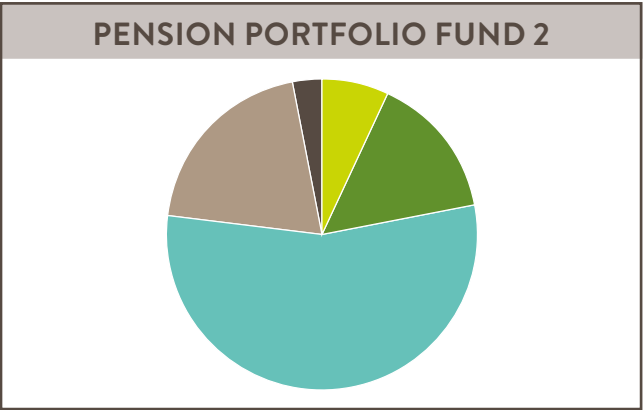
The assets that are available in these funds include developed and emerging market shares, government and corporate bonds, property and cash. The split across each of the asset classes determines the risk rating of your fund. Irish Life's investment managers will continually monitor and review these assets and may change them over time.



PENSION PORTFOLIO FUND SPLITS

There are five Pension Portfolio Funds available to suit different attitudes to risk. The pie charts below show the strategic asset mix for each of the funds. As you can see the lower risk fund, Pension Portfolio Fund 2 has a very high percentage in bonds and cash, which are traditionally less volatile assets. On the other hand, the higher risk fund, Pension Portfolio Fund 6, is mainly invested in shares, which are traditionally more volatile than bonds or cash but have, in the past, given better long-term returns.

**WARNING: Past performance is not a reliable guide to future performance.**



The pie charts show the strategic asset mixes and Irish Life's investment managers rebalance back to this mix on a quarterly basis. For the latest Pension Portfolio Fund mixes see the factsheets on [www.irishlife.ie](http://www.irishlife.ie)

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**WARNING: These funds may be affected by changes in currency exchange rates.**

**WARNING: If you invest in this fund you may lose some or all of the money you invest.**

# OUR ANNUITY LIFESTYLE OPTION

As part of the review process, the Annuity Lifestyle Option will be recommended in conjunction with our recommended fund mix. We assume that you intend buying an annuity (guaranteed income for life) with your pension fund at retirement.

The Annuity Lifestyle Option aims to gradually reduce the risk of the funds you are invested in as you approach retirement. It also moves your pension into funds that match the underlying assets that an annuity invests in, which aims to reduce the uncertainty about what level of an annuity you can expect in retirement.

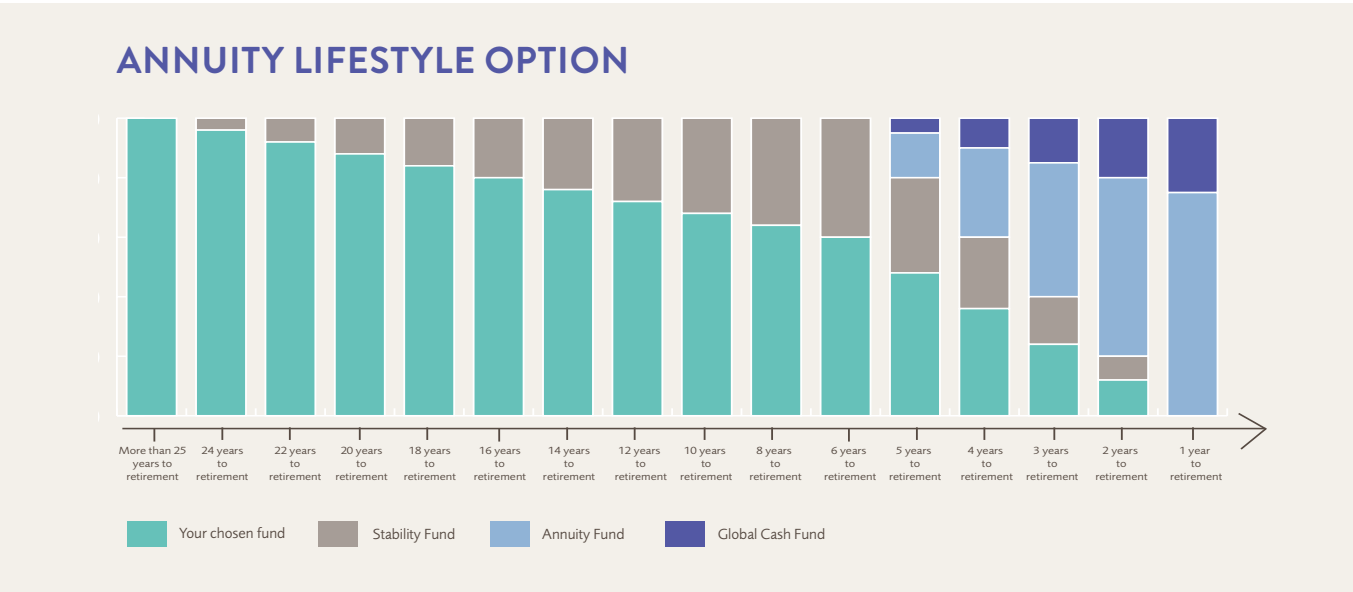
- If you are more than 25 years from your chosen retirement date, we fully invest your contributions in the funds or Portfolio Funds of your choice.
- If you are within 25 years to retirement, the first switch will take five working days to commence from the start date of your plan. You will be fully invested in your own choice of funds until this switch happens.
- Between 25 years to six years before your chosen retirement date, we will switch 2% of your fund into the Stability Fund (medium risk) every year.
- When you are six years before retirement, 60% of your fund is invested in your chosen funds and 40% in the Stability Fund.
- Between 6 years and one year before your chosen retirement date, we gradually switch the fund and future contributions into the Global Cash Fund (low risk fund) and the Annuity Fund (medium risk) until one year before your retirement.
- For the last year your fund is entirely in the Global Cash Fund (25%) and Annuity Fund (75%).

The Annuity Lifestyle Option can also be used where you choose your own mix of funds. However, you should note the following: if you select low risk funds choosing the Annuity Lifestyle Option may increase the risk of your funds initially before reducing the risk again as you approach retirement. For example, if you choose to invest 100% in Global Cash, then Lifestyle switches will increase the level of risk of your funds.

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The following graph represents the automatic switching sequence of the Annuity Lifestyle Option.



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# GREAT VALUE FOR MONEY

Clear PRSA offers you great value for money, giving you a straightforward pension solution with very competitive charges.

**YEARLY FUND CHARGE** - There is a 1% yearly fund charge applicable on all funds.

## CONTRIBUTION CHARGES ON REGULAR CONTRIBUTIONS

REGULAR CONTRIBUTION	CONTRIBUTION CHARGE ON TOTAL CONTRIBUTIONS	ALLOCATION RATE ON TOTAL CONTRIBUTIONS
Less than €9,000	5%	95%
Between €9,000 and €11,999.99 inclusive	4.25%	95.75%
€12,000 or more	3.5%	96.5%

### Reduced contribution charge

After your PRSA has been in place for 5 years, we will reduce the contribution charge above by 0.5% on any regular contributions paid after this.

## CONTRIBUTION CHARGES ON ONE-OFF CONTRIBUTIONS

ONE-OFF CONTRIBUTION	CONTRIBUTION CHARGE ON TOTAL CONTRIBUTIONS	ALLOCATION RATE ON TOTAL CONTRIBUTIONS
Less than €12,500	5%	95%
Between €12,500 and €24,999.99 inclusive	4.25%	95.75%
€25,000 or more	3.5%	96.5%

## CONTRIBUTION CHARGES ON TRANSFER CONTRIBUTIONS

100% allocation on transfer contributions received from approved pension schemes into a PRSA, as no contribution charge applies. For more details on our charges, please refer to the Clear PRSA booklet.

# 4 GREAT BENEFITS OF IRISH LIFE'S CLEAR PRSA

## 1 CHOICE

With Clear PRSA you have a wide choice of funds which track the performance of bonds, shares and property shares. This allows you and your financial adviser to build a portfolio of funds that meets your needs. Please see the Clear PRSA booklet for information on the funds available.

## 2 CONTROL

We will send you statements every year and you have access to the value of your Clear PRSA plan at all times by calling our Customer Information Line on 01 704 1111 or by logging on to our Customer Self Service at [www.myonlineservices.ie](http://www.myonlineservices.ie).

## 3 SMOOTHING YOU INTO RETIREMENT

Lifestyle Options available from Irish Life will help smooth you into retirement.

## 4 FLEXIBLE CONTRIBUTIONS

We have designed our PRSAs to be flexible. You can choose your level of regular contribution and you have the option to increase or reduce it. You can add one-off contributions to your plan at any time or, if you prefer, make these contributions each year instead of regular contributions. You can even take a break in contributions if you need to. If you want to make a one-off contribution, you can. However, if you started your PRSA by paying one-off contributions, you will not be able to pay regular contributions into that plan.

**WARNING: If you invest in this product you will not have any access to your money until age 60 and/or you retire.**

**PENSIONS**  
INVESTMENTS  
LIFE INSURANCE



# Irish Life

## CONTACT US

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In the interest of customer service we will record and monitor calls.  
Irish Life Assurance plc is regulated by the Central Bank of Ireland.

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For more information on Clear PRSA, please refer to the Clear PRSA booklet which is available from your financial adviser.  
Information correct as of April 2017.